ANNUAL EXPLORATION REPORT

EL 24975

FOR PERIOD ENDING 17th SEPTEMBER 2009
‘ATTACK CREEK’
TENNANT CREEK NT

Tennant Creek SE5314  1:250,000
Flynn 5759     1:100,000
Short Range 5659  1:100,000

Titleholder: Territory Uranium Company Limited

Report No. 2009-020
Prepared by A Chapman
October 2009
CONTENTS

CONTENTS ....................................................................................................................................2
List of Figures ..........................................................................................................................2
List of Appendices ..................................................................................................................2
1. SUMMARY ..........................................................................................................................1
2. LOCATION AND ACCESS ..................................................................................................1
3. TENEMENT STATUS AND OWNERSHIP .........................................................................3
4. GEOLOGY ..........................................................................................................................3
5. PREVIOUS EXPLORATION...............................................................................................7
6. EXPLORATION DURING YEAR 3 .....................................................................................1
7. PLANNED EXPLORATION FOR YEAR 4..........................................................................1
REFERENCES ...........................................................................................................................2

List of Figures

Figure 1: EL24975 Tenement Location ......................................................................................2
Figure 2: EL24975 NTGS Geology and MODAT Occurences ...................................................5
Figure 3: EL24975 Graticular blocks Blocks within red polygon surrender at end of 2008 ......6
Figure 4: EL24975 reconnaissance trip with scintillometer (brown dashed line), no significant
readings recorded (legend for geology on next page) ...............................................................8
Figure 5: Legend for geology of Figure 4. ..............................................................................10

List of Appendices

Appendix 1 List of Company Reports from Previous Tenure
1. SUMMARY

EL 24975 is roughly 70 kilometres north north west of Tennant Creek, lying some seven kilometres west of the Stuart Highway. Territory Uranium Company Pty Ltd is primarily exploring for Cu, Au and U. Other commodities that can not be ignored are economic quantities of manganese and iron. Exploration on EL24966 for year 2 focused on the gold, phosphate and uranium potential of the area. Field reconnaissance and a ground scintillometer traverse were undertaken across the tenement with rock chip samples taken from where anomalous readings were recorded.

In year 3 TUC, after reviewing its tenement commitments, has chosen to sell this tenement, as part of a package, to Anhui Geology and Mining Investment Ltd. This sale was established as a direct result of attending the Ministers delegation to China in 2008.

Due to the sale of this tenement to Anhui Mining Investment Ltd Territory Uranium has not planned any exploration on this tenement for year 4, but once the transfer has been completed (late 2009) we believe Anhui will be able to offer the tenement the investment it deserves.

2. LOCATION AND ACCESS

EL24975 is situated approximately 70km NNW of Tennant Creek, NT (Figure 1). The western boundary of the Licence runs approximately seven kilometres west of the Stuart Highway. The tenement surrounds Attack Creek.

Topography is controlled by Attack Creek which drains to the east. The western portion of the Licence has the higher relief where the exposure of sandstones is generally good. Attack Creek can flood in heavy rains during the wet season.

The area has arid, ‘tropical’ climate with long hot summers and short mild winters. Rainfall peaks over the summer period (December to February) with up to 100mm during January (mostly storm related). Temperatures can range from 10°C during the winter into the high 30s for extended periods during summer.
Figure 1: EL24975 Tenement Location
3. TENEMENT STATUS AND OWNERSHIP

EL 24975 was granted on 18th September 2006 and expires on 17th September 2012. The tenement comprises 10 graticular sub blocks (57.6 sq km) (Figure 3). There are no other current mining leases or mineral claims shown within the Licence boundaries.

Underlying cadastre is all Perpetual Pastoral Lease, Landowners are as follows:

000 01311 Banka Banka Perpetual Pastoral Lease 938
S. Kidman and Co Ltd. (ABN 36 007 872 317)
GPO Box 346, North Adelaide SA 5006

000 00408 Phillip Creek Perpetual Pastoral Lease 946
Charlie & Judy-Anne Warby
998 Wybara Road, Roma QLD 4455

Second year tenement reduction has been completed with 9 blocks dropped (Figure 3, blocks within red polygon were surrendered) leaving 10 blocks.

A waiver from reduction was granted for year 3.

4. GEOLOGY

EL 24975 is situated in the north eastern portion of the Tennant Creek SE 53-14 1:250,000 Geological Map Sheet. Descriptions of the most recent geological interpretation of the geology and stratigraphy of Tennant Creek region can be found in the 1:250,000 Tennant Creek Geological map series and explanatory notes (Donnellan, et al 1999) with further additions made from 1:500,000 Geological Mapping and Interpretation of basement geology (Donnellan and Johnstone, 2004; Donnellan 2004).

EL24975 is mapped as containing stratigraphic sequences from the Tomkinson Creek Group, which is younger than the Warramunga Formation. The Tomkinson Creek Group is mainly sedimentary (sandstone, dolostone, shale and some basalt)
ranging in age from Palaeozoic to Mesoproterozoic. The province is described as ‘unmetamorphosed and weakly deformed shallow marine sedimentary rocks belonging to the North Australian platform cover.’ The Tomkinson Creek Group hosts the substantial deposits of manganese at Bootu Creek to the north.

Mapped stratigraphy within EL24975 includes;

**Phanerozoic (Neogene) (Qa):** Sand, silt, clay, gravel; alluvial

**Cainozoic (Cz):** Sand, silt, clay, gravel, ferricrete, silcrete

**Mesozoic (Cretaceous?) (M):** Conglomerate, sandstone, siltstone, mudstone

**Short Range Sandstone (Pts):** Lithology is as follows - Quartz arenite, sublithic and lithic arenite, feldspathic sublitharenite, and siltstone. Depositional environment is suggested to be predominantly shallow marine littoral to subtidal, minor fluvial or deltaic (Hussey, et al 2001). The Short Range sandstone is topographically prominent.

**Morphett Creek Formation (Ptm):** Lithology described as Sublithic/lithic arenite, feldspathic arenite, siltstone; dolostone, sandy dolostone; minor conglomerate. Depositional environment is suggested to be fluvial to shallow marine, continental red beds to marginal shallow marine including peritidal flats and sabkha. Some shallow marine channels.

**Hayward Creek Formation (Pth>c):** Sublithic/volcanilithic arenite Depositional environment is suggested to be fluvial to shallow marine, intertidal, periodic subaerial exposure.

Hayward Creek Formation is predominant in the west of the tenement, with the Morphett Creek formation in the centre through to the Short Range Sandstone and back into the Morphett Creek Formation in the east. Sand, silt, clay, gravel and alluvials are also a major part of the eastern drainage of this region (Donnellan, et al 1999).

The Formations belong to the Tomkinson Creek Group, which has an approximate age range of between 1400 – 1700Ma.

Faulting is mostly in a north north west and south south east direction with synformal and antiformal measurements being noted on the NTGS Map.

There are no recorded MODAT occurrences within EL24975, however roughly three kilometres from the tenement an unnamed manganese occurrence occurs in Bootu Formation.
Figure 2: EL24975 NTGS Geology and MODAT Occurrences
Figure 3: EL24975 Graticular blocks Blocks within red polygon surrender at end of 2008
5. PREVIOUS EXPLORATION

Part of the work done on EL24975 for the first year includes a literature review and data compilation and the results are in the section below. Figure 3 shows the graticular block numbers within EL 24975, and Appendix 1 contains the list of previous tenure, plus the graticular blocks within EL 24975, and significant reports from previous tenure and a summary of previous exploration. Use Figure 3 and blocks in Appendix 1 to see the extent of previous tenure within EL 24975.

Exploration on EL24975 for year 2 focused on the gold, phosphate and uranium potential of the area. Field reconnaissance and a ground scintillometer traverse were undertaken across the tenement with rock chip samples taken from where anomalous readings were recorded (figure 4). Later interpretation of the areas visited and geological examination of the samples lead to no lab analysis being completed.

At this stage the primary focus for exploration on this Licence is uranium potential and possible gold potential.
Figure 4: EL24975 reconnaissance trip with scintillometer (brown dashed line), no significant readings recorded (legend for geology on next page).
Figure 5: Legend for geology of Figure 4.
6. EXPLORATION DURING YEAR 3

TUC has not met the covenants for this tenement and after reviewing its tenement commitments has chosen to sell this tenement, as part of a package, to Anhui Geology and Mining Investment Ltd. Anhui is a major Chinese exploration and mining entity and it is hoped that this deal will allow Anhui to establish itself in the exploration industry in the Northern Territory. This sale was established as a direct result of attending the Ministers delegation to China in 2008. The final agreement has been signed and the agreement will become unconditional pending Foreign Investment Board Approval expected in late 2009.

7. PLANNED EXPLORATION FOR YEAR 4

Due to the sale of this tenement to Anhui Mining Investment Ltd Territory Uranium has not planned any exploration on this tenement for year 4, but once the transfer has been completed we believe Anhui will be able to offer the tenement the investment it deserves.
REFERENCES


Appendix 1
List of Company Reports from Previous Tenure
EL7660 was extensive tenement that covers the entirety of EL24975. In 1993, MIM Exploration undertook an extensive stream sediment survey (117 samples at -200#) that focussed on the Bootu Formation where they sampled for Cu, Pb, Zn, Fe, Mn and Au. Two Copper assays (210ppm and 175ppm) of interest were returned and all lead and zinc values were at back ground. Only manganese stained outcrops were noticed. Four of the samples lie within EL24975 and were also at background level. The ground was relinquished and the samples were not followed up.

EL6680 was another extensive tenement that covered three quarters of EL24975. Carpentaria Exploration Company Pty Ltd carried out exploration during 1990. Rock chip sampling was undertaken with anomalous copper and zinc results being ascribed to scavenging of base metals by manganese and iron during the weathering process. Mapping work showed that the region did not match the stratigraphy of the McArthur Group.

EL 2354 covers EL24975. Exploration was carried out by CRA Exploration during the early 1980s. First year exploration concentrated on discerning the validity of three uranium responses from a BMR Geophysical survey across the region during 1960. Three anomalies were outlined. Area 3 is defined as a ‘BMR class C’ radiometric anomaly over Morphett Creek Formation (Sublithic/lithic arenite, feldspathic arenite, siltstone; dolostone, sandy dolostone; minor conglomerate). Spectrometer readings showed elevated Potassium and Thorium but no peaks in the Uranium channel. A couple of kilometres to the east in Area 1 a 6ppm U sample was taken in a thin sandstone unit. The spectrometer reading for the area equated to 4500ppm K, 26ppm U and 12ppm Th. Area 2 located to the south of EL24975 in ‘Attack Creek Formation’ showed elevated potassium, minor thorium and no uranium.

Second year exploration involved followup of a magnetic anomaly with ground magnetics to determine whether the anomaly was kimberlitic in nature. The magnetic response was determined to be a basic volcanic of the Tomkinson Creek Group. Both geochemical and gravel/loam sampling was undertaken. No kimberlitic indicators were identified and no metal values were returned (Pb, Zn, Cu, Ni, Co, Cr, Mn, Ag, Au, Sn and W were sampled). Geology mapped by CRA exploration only vaguely correlates with the NTGS interpretation.
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<td>Tenure: 28 February 1993 to 27 February 1994</td>
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<td>Abstract: 15 stream sediment samples were collected in the relinquished portion of the licence. No anomalous assays were received.</td>
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EL 5660

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<td>Title: First and final report EL 6680 Whittington Range</td>
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<td>Abstract: The licence was applied for in order to look for a McArthur style deposit. Reconnaissance has indicated that the outcropping lithologies are not suitable for this style of deposit. Anomalous copper could be associated with high iron-manganese in the rock.</td>
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EL 7660

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<td>Title: First annual report EL 7660 Mitty Waterhole year ending 27 February 1993</td>
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<td>Abstract: 117 stream sediment samples were collected. Analysis returned 2 copper assays of mild interest (210ppm and 175ppm). All Pb and Zn values were at background level. Four 200# stream sediment samples are within EL24975, sampled for Cu, Pb, Zn, Fe, Mn and Au.</td>
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<td>Title: Final report on exploration Attack Creek</td>
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<td>Abstract: Source of magnetic response is a basic volcanic. No kimberlite present. Could not locate maps as few points for referencing were available.</td>
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